



Government of
Saskatchewan

2006 - 2007 Annual Report

Public Employees
Benefits Agency
Revolving Fund

Table of Contents

Letters of Transmittal	2
Introduction	4
Administration	4
Financing	4
Administration Costs	4
Management's Report	5
Financial Statements	
Auditor's Report	8
Balance Sheet	9
Statement of Operations	10
Statement of Changes in Accumulated Net Expenditure	11
Notes to the Financial Statements.....	12

Letter of Transmittal



His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Sir:

I have the honour to transmit herewith the sixteenth Annual Report of the Public Employees Benefits Agency Revolving Fund for the year ending March 31, 2007.

I have the honour to be, Sir,

Your obedient servant,

A handwritten signature in black ink that reads "Pat Atkinson". The signature is written in a cursive, flowing style.

Pat Atkinson
Minister of Finance

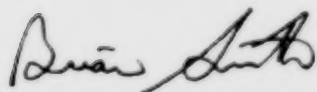
Letter of Transmittal

The Honourable Pat Atkinson
Minister of Finance
Regina, Saskatchewan

Madam:

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the sixteenth Annual Report of the Public Employees Benefits Agency Revolving Fund for the year ending March 31, 2007.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Smith". The signature is fluid and cursive, with the first name "Brian" and last name "Smith" clearly distinguishable.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

Public Employees Benefits Agency Revolving Fund

Introduction

The Public Employees Benefits Agency Revolving Fund was established effective April 1, 1988. The authority for the Fund is contained in Section 65 of *The Financial Administration Act, 1993*.

The intent of the Fund is to account for the administration costs of the Public Employees Benefits Agency (PEBA). These costs are allocated to the following plans and programs:

Pension Funds

Public Employees Pension Plan
Public Service Superannuation Plan
Municipal Employees' Pension Plan
Liquor Board Superannuation Plan
Pension Plan for the Employees of the
Saskatchewan Workers' Compensation Board
Saskatchewan Transportation Company
Superannuation Plan
Anti-Tuberculosis League Superannuation Plan
Members of the Legislative Assembly
Superannuation Plan
Judges of the Provincial Court Superannuation
Plan
Saskatchewan Pension Annuity Fund

Employee Benefit Funds

Public Employees Group Life Insurance Plan
Public Employees Dental Plan
Extended Health Care Plan
Extended Health Care Plan for Certain Other
Employees
Public Employees Disability Income Plan
Public Employees Deferred Salary Leave Plan
Government of Saskatchewan Unscheduled
Aircraft Plan
Government of Saskatchewan Scheduled Aircraft
Plan
SaskPower Supplementary Superannuation Plan
Additional Pension Contribution Program
Government of Saskatchewan and Saskatchewan
Government and General Employees' Union
Benefit Plans' Surplus Fund
Government of Saskatchewan and Canadian Union
of Public Employees Local No. 600-3 Benefit
Plans' Surplus Fund
Extended Health Care Plan for Retired Employees

Extended Health Care Plan for Certain Other
Retired Employees
Saskatchewan Government Insurance Service
Recognition Plan
SaskEnergy Retiring Allowance Plan
SaskPower Millennium RRSP
SaskPower Pre-1996 Severance Plan
SaskPower Designated Employee Benefit Plan
Saskatchewan Watershed Authority Retirement
Allowance Plan
Saskatchewan Water Corporation Retirement
Allowance Plan

Administration

The Fund is managed by the Public Employees Benefits Agency, Saskatchewan Finance.

The costs incurred in the administration of the various plans and programs by PEBA are billed on a monthly basis.

Costs relating to a particular plan or program are allocated to that plan. All other costs are allocated to the plans and programs using a formula primarily based on time required to administer these plans and programs.

Financing

Subsection 65(12) of *The Financial Administration Act, 1993*, provides for the maximum accumulated net expenditure to be set by order of the Lieutenant Governor in Council.

The maximum amount for accumulated net expenditure has been set at \$5,100,000.

Administration Costs

2007	\$9,680,841
2006	\$8,020,075
2005	\$6,780,646
2004	\$6,599,030

All costs are paid by the various plans and programs. Revenue and expenses will therefore equal, leaving the excess of revenues over expenditures a "nil" amount annually.

Management's Report

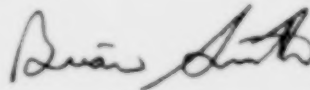
To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Public Employees Benefits Agency Revolving Fund, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Public Employees Benefits Agency Revolving Fund has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

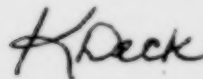
We enclose the financial statements of the Public Employees Benefits Agency Revolving Fund for the year ended March 31, 2007 and the Provincial Auditor's report on these financial statements.



Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency



Perry Bahr
Director, Benefit Programs
Public Employees Benefits Agency



Kathy Deck
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
May 17, 2007

PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

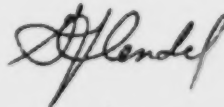
Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Public Employees Benefits Agency Revolving Fund as at March 31, 2007 and the statements of operations, and changes in accumulated net expenditure for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
May 17, 2007

**PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND
BALANCE SHEET**

STATEMENT 1

AS AT MARCH 31

	<u>2007</u>	<u>2006</u>
ASSETS		
Accounts receivable (Note 6)	\$1,053,376	\$ 753,198
Capital assets (Note 4)	<u>4,852,273</u>	<u>4,499,253</u>
	<u>\$5,905,649</u>	<u>\$5,252,451</u>
 LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$1,970,157	\$1,076,504
Non-current Liabilities:		
Accumulated net expenditure (Statement 3)	<u>3,935,492</u>	<u>4,175,947</u>
	<u>\$5,905,649</u>	<u>\$5,252,451</u>

(See accompanying notes to the financial statements)

**PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND
STATEMENT OF OPERATIONS**

STATEMENT 2

FOR THE YEAR ENDED MARCH 31

	2007		2006
	Budget (Note 7)	Actual	Actual
REVENUE			
Administration fees (Note 6)	\$11,188,294	\$9,680,841	\$8,020,075
EXPENSES: (Note 6)			
Salaries and benefits	5,571,021	5,016,915	4,305,872
Contractual services	3,004,110	2,563,948	2,030,241
Amortization	669,544	539,994	371,830
Rent	570,700	583,797	575,107
Postage and communications	445,600	298,315	261,738
Supplies	228,102	256,255	207,845
Travel	431,442	236,748	188,824
Advertising/printing	246,275	150,817	56,141
Board and business expenses	9,000	21,357	19,570
Repairs and maintenance	12,500	12,695	2,907
Total expenses	11,188,294	9,680,841	8,020,075
Net income	\$ -	\$ -	\$ -

(See accompanying notes to the financial statements)

**PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE**

STATEMENT 3

FOR THE YEAR ENDED MARCH 31

	<u>2007</u>	<u>2006</u>
Financing provided by operating activities:		
Net income	\$ -	\$ -
Amortization of capital assets	(539,994)	(371,830)
Loss on disposal of capital assets	(5,569)	(385)
Net change in working capital items related to operations (Note 5)	<u>(593,475)</u>	<u>(218,623)</u>
Net financing provided by operating activities	<u>(1,139,038)</u>	<u>(590,838)</u>
Financing required for investing activities:		
Purchase of capital assets	<u>898,583</u>	<u>867,764</u>
Net financing required for investing activities	<u>898,583</u>	<u>867,764</u>
Net (decrease) increase in financing requirements	(240,455)	276,926
ACCUMULATED NET EXPENDITURE, beginning of year	<u>4,175,947</u>	<u>3,899,021</u>
ACCUMULATED NET EXPENDITURE, end of year – to Statement 1	<u>\$3,935,492</u>	<u>\$4,175,947</u>

(See accompanying notes to the financial statements)

**PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS**

MARCH 31, 2007

1. Authority and Definition of Accounting Entity

The Public Employees Benefits Agency Revolving Fund (Revolving Fund) was established under Section 65 of *The Financial Administration Act, 1993* to account for the administration costs of the Public Employees Benefits Agency (PEBA). These costs are allocated to the various pension plans and benefit programs administered by PEBA in accordance with the policy described in Note 2(c).

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 5. The following policies are considered significant:

a) Net Financing Requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flow from operations.

b) Accumulated Net Expenditure

The accumulated net expenditure of the Revolving Fund consists of the net increase (decrease) in financing requirements for each fiscal year since inception.

c) Revenue – Administration Fees

The costs incurred by PEBA in the administration of the various pension plans and benefit programs are billed on a monthly basis to these plans and programs, as follows:

- i) Costs directly relating to a particular pension plan or benefit program are charged to that plan or program.
- ii) All other costs are charged to the various pension plans and benefit programs using a formula primarily based on employees' time required to administer these plans and programs.

d) Capital Assets

The Revolving Fund capitalizes purchased computer hardware, software, and furniture greater than \$2,000, system development greater than \$20,000, and leasehold improvements greater than \$10,000.

Capital assets are amortized on a straight-line basis over the useful lives of the capital assets. Computer hardware and software are amortized over five years, system development and furniture over ten years, and leasehold improvements over the term of the lease. Assets are amortized commencing in the year in which assets are placed into service.

Work in progress assets include system development costs incurred for systems not yet placed into service.

The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations.

3. Authorized Financing

Subsection 65(12) of *The Financial Administration Act, 1993* provides for the maximum accumulated net expenditure to be set by order of the Lieutenant Governor in Council. The maximum amount has been set at \$5,100,000 by Order in Council 58/2007.

4. Capital Assets

	Cost		Accumulated Amortization		Net Book Value	
	2007	2006	2007	2006	2007	2006
Computer Hardware	\$ 593,027	\$ 611,363	\$ 356,466	\$ 410,918	\$ 236,561	\$ 200,445
Computer Software	219,875	170,748	153,039	139,079	66,836	31,669
Furniture	372,731	339,616	162,531	131,739	210,200	207,877
System Development	5,394,348	4,691,828	1,532,826	1,113,906	3,861,522	3,577,922
Leaseholds	289,875	289,875	289,875	289,875	-	-
Work in progress	477,154	481,340	-	-	477,154	481,340
	<u>\$7,347,010</u>	<u>\$6,584,770</u>	<u>\$2,494,737</u>	<u>\$2,085,517</u>	<u>\$4,852,273</u>	<u>\$4,499,253</u>

Work in progress assets consist of system development costs related to a new system for the Public Employees' Pension Plan which has not yet been placed into service.

5. Net Change in Working Capital Items Related to Operations

	2007	2006
Increase in accounts receivable	\$ 300,178	\$ 200,871
Increase in accounts payable and accrued liabilities	(893,653)	(419,494)
	<u>\$(593,475)</u>	<u>\$(218,623)</u>

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards, and commissions related to the Fund by virtue of common control by the Government of Saskatchewan. These financial statements also include transactions with non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan collectively referred to as "related parties".

Expenses include \$1,430,164 (2006 - \$1,312,588) that the Department of Finance incurred on PEBA's behalf for rent and certain administrative services provided to the Revolving Fund. The Revolving Fund bills the pension plans and benefit programs administered by PEBA in accordance with subsection 64(7) of *The Financial Administration Act, 1993*, to recover those expenses. Amounts received by the Revolving Fund relating to these costs are paid to the General Revenue Fund in accordance with subsection 65(11) of *The Financial Administration Act, 1993*.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and therefore, no provision for such costs is reflected in these financial statements.

Routine operating transactions with other related parties are recorded at agreed upon rates and are settled on agreed upon terms.

The following table summarizes the Revolving Fund's related party transactions.

	2007	2006
Administration fees	\$9,677,865	\$8,009,311
Expenses:		
Salaries and benefits	696,298	601,549
Rent	565,232	554,791
Postage and communications	279,202	253,074
Supplies	34,432	34,027
Contractual services	20,471	33,255
Travel	1,120	1,771
Repairs and maintenance	10,166	192
Advertising/printing	-	1,659
Board and business expenses	5,390	2,031

At year end, the following amounts were due to/from related parties as a result of the transactions referred to above:

	2007	2006
Accounts receivable	\$1,035,604	\$725,684
Accounts payable and accrued liabilities	\$302,220	\$415,889

In addition, the Revolving Fund pays provincial sales tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

7. Budget

The various pension plan and benefit program boards approved their component of the annual budget. A copy of the annual budget was also submitted to Treasury Board.

8. Amount Reported in Public Accounts

The net (expense) recovery of the Revolving Fund reported in Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	<u>2007</u>	<u>2006</u>
Net income	\$ -	\$ -
Increase in net capital assets	(353,019)	(495,549)
Amounts not included in Public Accounts due to timing	8,692	1,048
Net expense reported in Public Accounts	<u>\$(344,327)</u>	<u>\$(494,501)</u>

9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments recorded as accounts receivable, and accounts payable and accrued liabilities that affect the amount, timing, and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. However, the majority of the Revolving Fund's receivables are from government plans and programs administered by PEBA. Therefore, the credit risk is minimal.

c) Fair value

The Revolving Fund's financial instruments include accounts receivable and accounts payable and accrued liabilities. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

